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Mis-sold SWAP claims ^[1]

What is a SWAP?

These are a form of derivative. An interest rate hedging product ordinarily separate to a loan.

There are several types, but typically the following would have been sold to various bank customers:

- **Cap and collar** – which limits the rate rises and rate reductions.
- **SWAPs** – a fixed interest rate
- **Structured collars** – where interest rates are only allowed to fluctuate within a specified range.

These products have been around since 2001; however, the vast majority of these products were sold by banks during the period 2005 to 2008.

These products are classified by the Financial Services Authority as designated investment and as such are regulated.

Many companies or individuals entered into these products without knowing the full implication of doing so. They were led to believe that they would benefit from such products and in particular if there was a rise in interest rates. However, it has come to light on many occasions that the banks failed to advise the full consequences of the hedge product and in particular what would happen if interest rates fell, as they did in 2008. In addition, customers were unaware of the exit fees which were considerable.

This failure has led to many individuals and companies facing serious financial difficulties, and in some instances has meant businesses have failed.

Were you mis-sold a hedge product?

The following are the examples of potential claims that have been made against banks:

- A customer did not understand the product that has been sold to him/her.

- Customers were not made aware of the termination fees and break costs.
- The FSA conduct of business rules (COBS) were not complied with.
- The customer is not aware of the implications of the banks ability to terminate the SWAP early.
- The bank owed a duty of care to the customer that it failed to meet.

If this sounds like a scenario that you or your company find yourselves in then we provide a free analysis of your potential claim and are able to agree various funding options to include no win no fee to bring a claim on your behalf.

Please contact: Kamal Majevalia on 0121 689 2246

Links

[1] <https://www.sydney-mitchell.co.uk/business-services/dispute-resolution/mis-selling-interest-rate-swaps>